



Overview of Renewable Energy Tariff Pilot Programs

January 24, 2019



Discussion topics

- Two Renewable Pilots
 - Solar Now
 - Green Sleeve
- Timeline
- Questions

Solar Now Pilot

Solar Now Pilot Proposal

- Focuses on customers who want solar at their workplace/school/facility
- Initially designed to accommodate school districts
- Allows customer to received fixed leased payment for hosting solar facilities
- Mirrors approach approved by Virginia regulators in 2012

Solar Now Pilot Proposal—Key Elements

- Solar facilities connected to our distribution system
- Customer can elect to retain renewable attributes (RECs) in exchange for a slightly reduced lease payment
- Limit of 35 MW
 - 10 MW for non-profit entities
 - 25 MW all other commercial & industrial customers
- Eligibility
 - Each solar facility capped at the lower of:
 - 2.25 MW or
 - The host customer's firm load

Solar Now Pilot Lease Payment

- Customer receives monthly payment that will equal the capacity value of solar facility at its MISO accredited capacity level.
 - The lease payment is available up to the host customer's firm load.
- Produces customer benefit immediately
- Anticipated Customer Benefit over 20 years
 - Approximately \$ 450,000 per installed MW

“Green Sleeve” Pilot

“Green Sleeve” Pilot Proposal

- Mirrors MGE proposal approved by PSCW last year
- Called a “sleeve” because offers a framework for WEPCo to enter future service agreements with retail customers
- Service agreements will enable a dedicated group of customers to pay for new larger scale renewable facilities in Wisconsin
- Not “community solar”
 - Facilities are being constructed remote from customer premises and are targeted at larger energy users
- Aggregation only allowed for multiple accounts of an individual customer
 - Trade Association / Purchasing Alliances can’t aggregate

“Green Sleeve” Pilot Proposal—Key Elements

- Participants continue to pay current rates
- Incremental costs
 - Participants pay full revenue requirement for new dedicated renewable project(s)
- Credits
 - Participants get capacity (up to firm load) and energy credits that minimize any bill impact
 - No “premium” like the Energy for Tomorrow program (EFT)
- Participants retain renewable attributes (RECs)
- Eligibility
 - 150MW
 - Commercial and Industrial customers

“Green Sleeve” Pilot Billing Impacts

“Base Bill” – Remains unchanged

- Energy
- Demand
- Distribution / Facilities
- Transmission

 PLUS: Dedicated Renewable Resource(s)' Revenue Requirement

- Return Of (Depreciation)
- Return On
- Operating & Maintenance Costs

 LESS: Renewable Resource Generation Benefits

- Energy
- Capacity

*-Renewable Energy Attributes (RECs) also retained by participant.

“Green Sleeve” Pilot Participant Benefits

- Participants realize value:
 - Price predictability during service agreement term.
 - Levelized fixed monthly payment – for profit entities.
 - Levelized cost per unit produced (MWH) - non profit entities.
- Energy & capacity credit provided to the extent it matches participant’s consumption.
 - **Energy:** Any additional generation during a 60 minute interval not credited even though sent to grid
 - **Capacity:** Credit only provided to participant’s firm load level
- Anticipated participant benefit over 20 years
 - Approximately \$ 150,000 per installed MW (Solar)
 - Approximately \$ 105,000 per installed MW (Wind)

Timeline

Solar Now & “Green Sleeve” Pilot Timeline - PSCW

- **October 12, 2018:** Filed Proposed Pilots with PSCW
- **November 1, 2018:** PSCW Issued Notice of Investigation
- **November 15, 2018:** Intervention Request Due Date
- **November 15, 2018 – Q1 2019:** Discovery from Staff & Intervenors
- **December 20, 2018:** PSCW Approval Granted.

Questions?

APPENDICES

Other Benefits of the “Green Sleeve”

- Non-participating customers **not** harmed:
 - Avoids / delays need for rate based generation investment.
 - Upon service agreement expiration, depreciated generating asset added to rate base at NBV
 - Renewable generation beyond consumption during any 60 minute interval reduces system-wide fuel costs.
 - Capacity beyond billed demand used for non-participating customer benefit
- Shareholders **not** harmed
 - Investment earns same return as rate base investment.
 - All O&M costs are recovered from participant through service agreement.